

# INCOME TAX

The State of Arizona imposes two types of income tax: corporate, which applies to incorporated businesses and certain other entities operating in this state; and individual, which is levied against those persons who reside in or earn income in the state (*Refer to Table 28*).

## **Withholding of Arizona Income Tax**

Employers are required to withhold a portion of each employee's wages per pay period. An employee may elect an Arizona withholding percentage of zero, if the employee meets both of the qualifying conditions for the election. An employee making this election certifies that: (1) the employee had no Arizona income tax liability for the prior taxable year, AND (2) the employee expects to have no Arizona income tax liability for the current taxable year. This election applies only to payroll periods during 2000.

If the employee does not complete a Form A-4, the employer must withhold a minimum of 10 percent of the amount withheld for federal income tax on wages of less than \$15,000 per year, and 17 percent on wages of \$15,000 or more per year. However, employees can elect to increase their withholding to 20 percent, 22 percent, 28 percent, or 32 percent. The amount withheld is applied to the employee's Arizona individual income tax liability.

## **Voluntary Withholding Election by a Nonresident Employee Exempt under the Provisions of ARS § 43-403.A.5**

A qualifying employee may voluntarily elect to have a portion of the employee's compensation withheld under the provisions of ARS § 43-403.D.1 for application toward the employee's Arizona income tax liability. The exemption under the provisions of ARS § 43-403.A.5 applies to specific wages paid to nonresident individuals and does not apply to a nonresident employee who is in this state solely for athletic or entertainment purposes.

## **Installment Sale Income from Another State Clarified**

If you included installment sale income from another state in your Arizona adjusted gross income; you may subtract that income if you properly paid tax to that other state in a prior taxable year.

## **New (Expanded) Tax Credits available to Corporate or Individual Taxpayers**

### **Clean Elections**

The 1999 income tax returns contain a new credit and a new check box for the Citizens Clean Elections Fund. A taxpayer may (1) designate \$5 to go to this fund and also reduce your tax liability by \$5, (2) make donations to the Citizens Clean Elections Fund by means of the tax return, (3) claim a credit for donations made during 1999 to the fund. The credit is the amount donated, but cannot exceed 20 percent of your 1999 tax liability or \$500 (\$1,000 for a married couple filing a joint return), whichever is *higher*.

### **Wheels to Work Program**

For taxable years beginning from and after January 1, 1999, taxpayers may take a credit for donating a vehicle(s) to the Wheels to Work Program, administered by the Goodwill Industries of Central Arizona. The credit for each vehicle donated is the lesser of \$1,500, or the fair market value of the vehicle (determined by the Goodwill Industries of Central Arizona). This credit is in lieu of a charitable contribution deduction for the same vehicle(s) for which the taxpayer claims a credit.

### **Agricultural Pollution Control Equipment**

Taxpayers may take a credit for expenses incurred during the taxable year to purchase agricultural pollution control equipment. The tax credit applies to taxable years beginning from and after December 31, 1998. This credit is in lieu of the Pollution Control credit with respect to the same equipment or expenses. The amount of credit is equal to 25 percent of the cost of the property. The maximum credit that a taxpayer may claim in a taxable year is \$25,000 and may not be carried forward for more than five taxable years as a credit against subsequent years' income tax liability.

## **New (Expanded) Tax Credits available to Corporate or Individual Taxpayers (Continued)**

### **Alternative Fuel Delivery Systems**

The credit for alternative fuel refueling stations for taxable years prior to 1999 has been repealed, and the new credit provisions have been enacted. An alternative fuel delivery system is any facility that provides for the fueling of an alternative fuel vehicle. The new provisions are effective retroactively to taxable years beginning after December 31, 1997. The maximum credit allowed for constructing or operating an alternative fueling delivery system that is accessible to the public or that is dispensing a renewable fuel is 100 percent of the cost incurred, up to a maximum of \$400,000. For those systems that are not available to the public or that do not dispense a renewable fuel the credit is 50 percent of the cost incurred, up to a maximum of \$200,000. If the allowable credit exceeds the income tax due, taxpayers may carry the credit forward to the next 15 consecutive taxable years as a credit against subsequent years' income tax liability.

### **Vehicle Refueling Apparatus Credit**

Taxpayers who purchase a vehicle refueling apparatus for installation on property located in Arizona may claim a credit equal to the cost of the apparatus or \$2,000, whichever is more. This credit is available for taxable years beginning from and after December 31, 1998. If the allowable credit exceeds the income tax due, taxpayers may carry the credit forward to the next five consecutive taxable years as a credit against subsequent years' income tax liability.

### **Alternative Fuel Vehicle Credit *Expanded***

Beginning with 1999, changes in Arizona law affect the subtraction and credits for alternative fuel vehicles. Legislative action repealed the subtraction for alternative fuel vehicles purchased or converted during 1999, including the subtraction for refueling equipment purchased during 1999. This does not include refueling equipment or vehicles purchased in 1997 or 1998. Taxpayers may still take one-third of the subtraction from those years, which is allocable to 1999.

### **Taxes Paid to Another State or Country (FOR INDIVIDUALS, ONLY) *Expanded***

A Taxpayer who claims a credit for taxes paid to another country may now include those taxes that qualify for a credit under Internal Revenue Code Sections 901 and 903. Beginning in 1999, taxpayers who are eligible to take a credit on their federal return for taxes paid to another country, may also take a credit on the Arizona return for taxes. In addition, Arizona law also allows a taxpayer to claim a credit for taxes paid to another state if you are an Arizona resident who is also considered to be a resident of another state under the laws of that other state.

### **Fireplace Subtraction (FOR INDIVIDUALS, ONLY) *Repealed***

There is no longer a subtraction for purchasing a qualified fireplace. However, you may still take a subtraction for converting a wood-burning fireplace to a qualified fireplace.

## **Corporate Income Tax *Major Features***

Every corporation doing business in Arizona is required to file a corporate income tax return. Approximately 52,000 corporations filed returns with the state and made payments of \$637.77 million during FY00 (*Refer to Table 28*). For the 1999 tax year, the corporate tax rate was a flat 8 percent on taxable income. There is a \$50 minimum tax liability imposed on all corporate returns. Corporations that expect an Arizona income tax liability of at least \$1,000 for the taxable year are required to make estimated tax payments. Any corporate taxpayer whose Arizona income tax liability for the *preceding* taxable year was \$20,000 or more is required to make estimated tax payments via the electronic funds transfer program.

A new corporate income tax short form, Form 120A, is designed for corporate taxpayers with less complex filing requirements. The form is for those corporations that file returns on a separate company (separate entity) basis and are "wholly Arizona corporations". A corporation must file Form 120 if the corporation is a partner in a multistate partnership or a partner in a partnership with business activity conducted entirely outside Arizona.

## **Individual Income Tax *Major Features***

For tax year 1998 filed in 1999, approximately 1.9 million individual resident, non-resident and part-year resident returns reported Arizona gross income (defined as federal adjusted gross income) totaling more than \$80.9 billion. Figures for tax year 1999 are not yet final. Individuals with Arizona gross income of more than \$75,000, in the preceding or current year, are required to file Arizona estimated tax payments. An individual can apply any portion of an income tax refund toward the following year's income tax as an estimated payment.

The graduated rate structure for the 1999 tax year ranged from 2.87 percent to a maximum of 5.04 percent on an individual's income over \$150,000 (or joint income over \$300,000).

The taxable income thresholds for using the optional tax tables have increased to \$50,000 for all taxpayers. The taxable income thresholds for filing Forms 140A and 140EZ have also increased to \$50,000, thus, more taxpayers were eligible to file a short form.

Beginning in 1999, an Arizona resident taxpayer may claim a \$10,000 exemption for each of the taxpayer's parents or ancestors of his or her parents that meet certain criteria.

The Property Tax Credit is a refundable income tax credit granted to persons who are either age 65 or older or recipients of Title 16 Supplemental Security Income (SSI) that paid property taxes or rent on their main home during 1999. The claimant's household income cannot exceed \$3,751 for persons living alone or \$5,501 for persons living with a spouse or other person. This credit cannot exceed the actual amount of property tax paid by the taxpayer (*Refer to Table 29*).

The Family Income Tax Credit is available to taxpayers having Arizona gross income of \$10,000 or less (\$20,000 if filing married filing joint or head of household) claiming no more than 1 dependent. The credit includes, but is not limited to, those individuals who are married, earned \$31,000 or less, and claimed 4 or more dependents.

## Corporate and Individual Income Tax Credits

In addition to the new (expanded) provisions listed above, the following are non-refundable corporate and individual income tax credits. (*Refer to Table 29*).

Credit	Available To
Agricultural Water Conservation System	Taxpayers that incur expenses to purchase and install an agricultural water conservation system in Arizona.
Alternative Fuel Vehicles and Refueling Station	Taxpayers that convert conventional vehicles to alternative fuel vehicles, and for purchasing alternative fuel vehicles or purchasing alternative fuel refueling equipment.
Construction Materials	Taxpayers that purchase construction materials, in excess of five million dollars, for a building used predominantly for mining, manufacturing, fabricating, refining, metallurgical operations, or research and development as defined in ARS 43-1168.
Contributions to Charities that Provide Assistance to Working Poor	Individual taxpayers that make cash contributions to certain charities that provide help to the working poor. The maximum amount of this credit is \$200.
Contributions to School Organizations	Tuition organization that provides scholarships or grants to qualified Tuition schools. The credit is equal to the amount contributed, up to a maximum of \$500.
Correctional Industries	Corporate taxpayers for the investment in qualified property on the grounds of an Arizona correctional facility, or for the employment of inmates in the Arizona correctional facility, or for the employment of inmates in prison construction (for an Arizona correctional facility).
Credit for Taxes Paid to Another State or Country ( <b>Individuals Only</b> )	Taxpayers that paid a net income tax to Arizona and another qualified state or foreign country, on the same income.
Defense Contracting	Taxpayers certified by the Arizona Department of Commerce as a qualified defense contractor for qualified increases in employment.
Employment of TANF Recipients	Taxpayers that employ recipients of Temporary Assistance for Needy Families (TANF).
Enterprise Zone	Taxpayers whose business is located in an Arizona enterprise zone that have a net increase in qualified employment positions.
Environmental Technology	Taxpayers that incur expenses in constructing a qualified environmental technology manufacturing, producing, or processing facility as described in ARS 41-1514.02.
Fees Paid to Public Schools	Individual taxpayers that paid certain fees to public schools in Arizona. The credit is equal to the amount of the fees paid, up to a maximum of \$200.
Military Reuse Zone	Taxpayers with a net increase in employment of full-time employees working in a military reuse zone.

## Corporate and Individual Income Tax Credits (Continued)

Pollution Control	Taxpayers that purchase real or personal property that is used within Arizona in the taxpayer's trade or business to control or prevent pollution.
Recycling Equipment	Taxpayers who acquire and place in service recycling equipment in Arizona.
Research and Development Expenses	Corporate taxpayers with an increase in qualifying research and development conducted in Arizona.
Solar Energy	Individual taxpayers who install a solar energy device in his or her residence located in Arizona.
Solar Hot Water Heater Plumbing Stub Outs and Electric Vehicle Recharge Outlets	Taxpayers for the installation of solar hot water heater plumbing stub outs and electric vehicle recharge outlets in houses or dwelling units constructed by the taxpayer. The houses or dwelling units must be located in Arizona.
Taxes paid for Coal Consumed in Generating Electrical Power	Corporate taxpayers, a credit equal to 30 percent of the amount paid by the seller or purchaser as transaction privilege tax for coal sold to the taxpayer for use in Arizona. taxpayer that is consumed in the generation of electrical power in Arizona.
Underground Storage Tanks	Taxpayers that incurred expenses for corrective actions taken with respect to the release of a regulated substance from an underground storage tank. To qualify for this credit, the taxpayer must not have been liable or responsible for the corrective action as an owner or operator of the underground storage tank.

**TABLE 28**  
**INCOME TAX COLLECTIONS**  
**FY96 THROUGH FY00**

<i>SOURCE</i>	<i>1995-96</i>	<i>1996-97</i>	<i>1997-98</i>	<i>1998-99</i>	<i>1999-00</i>	<i>PERCENT OF NET COLLECTIONS IN 1999-00</i>
<u>Withheld from Wages</u>						
Gross Revenue	\$1,621,143,563	\$1,708,515,793	\$1,863,292,013	\$2,072,018,474	\$2,259,201,907	
Refunds and Charge-offs	(63,869,129)	(30,275,558)	(11,947,994)	(18,463,322)	(10,053,362)	
<b>NET</b>	<b>\$1,557,274,434</b>	<b>\$1,678,240,235</b>	<b>\$1,851,344,019</b>	<b>\$2,053,555,152</b>	<b>\$2,249,148,545</b>	79.9%
<u>Individuals &amp; Fiduciaries</u>						
Gross Revenue	474,727,258	597,768,930	669,323,279	765,853,606	826,789,215	
Refunds and Charge-offs	(537,719,418)	(607,594,810)	(657,470,764)	(721,059,420)	(784,055,322)	
<b>NET</b>	<b>(\$62,992,160) (2)</b>	<b>(\$9,825,880)</b>	<b>\$11,852,514</b>	<b>\$44,794,187</b>	<b>\$42,733,894</b>	1.5%
<u>Corporations</u>						
Gross Revenue	505,354,944	676,369,619	630,836,596	643,230,321	637,765,231	
Refunds and Charge-offs	(57,315,459)	(75,479,187)	(102,775,471)	(97,842,182)	(114,583,545)	
<b>NET</b>	<b>\$448,039,484</b>	<b>\$600,890,432</b>	<b>\$528,061,125</b>	<b>\$545,388,138</b>	<b>\$523,181,687</b>	18.6%
<b>Subtotal</b>						
<b>Net Collections</b>	<b>\$1,942,321,759</b>	<b>\$2,269,304,787</b>	<b>\$2,391,257,658</b>	<b>\$2,643,737,477</b>	<b>\$2,815,064,125</b>	100.0%
<b>Less distributions for:</b>						
Urban Revenue Sharing	218,543,272	257,800,548	291,243,578	340,310,656	377,710,988	
Contracted Collection						
Agency	151,209	46,456	82,890	39,610	58,016	
Wildlife Contributions	183,534	165,515	190,715	146,278	177,079	
Child Abuse Prevention	194,535	192,551	223,435	210,355	185,666	
Special Olympics	86,267	85,930	95,487	74,471	83,854	
Neighbors Helping	54,889	51,997	61,562	32,374	46,610	
Neighbors						
State Aid to Public Scho	----	----	----	48,503	7,411	
Domestic Violence Shel	----	----	----	137,524	139,208	
Democratic Party	13,920	11,202	12,091	14,401	11,127	
Green Party	2	0	0	0	0	
Libertarian Party	3,526	2,789	3,004	3,077	3,210	
New Alliance Party	0	0	5	0	0	
Republican Party	10,028	10,124	11,623	12,077	13,650	
Reform Party	----	515	973	869	194	
Clean Elections (3)	----	----	----	340	1,827,616	
<b>Subtotal Distributions</b>	<b>\$219,241,181</b>	<b>\$258,367,628</b>	<b>\$291,925,363</b>	<b>\$341,030,534</b>	<b>\$380,264,630</b>	
<b>NET REVENUE TO STATE</b>						
<b>GENERAL FUND</b>	<b>\$1,723,080,578</b>	<b>\$2,010,937,159</b>	<b>\$2,099,332,295</b>	<b>\$2,302,706,944</b>	<b>\$2,434,799,495</b>	

(1) The increase in individual refunds is due, in part, to refunds related to a U.S. Supreme Court decision (Federal retirees) and to the income tax reductions referenced below.

(2) Reflects the impact of the 1995 income tax reduction; Chapter 9, 1995 Legislative Session.

(3) Individual income tax checkoffs established for tax year 1998.

Figures may not add to total due to rounding.

**TABLE 29  
EXEMPTIONS, DEDUCTIONS AND CREDITS**

<i>TAX YEAR</i>	<i>PERSONAL EXEMPTION</i>	<i>BLIND EXEMPTION</i>	<i>AGE 65 AND OVER EXEMPTION</i>	<i>DEPENDENT EXEMPTION</i>	<i>STANDARD DEDUCTION LIMIT (1)</i>	<i>MAXIMUM RENTER'S CREDIT</i>	<i>MAXIMUM PROPERTY TAX CREDIT</i>	<i>MAXIMUM FAMILY TAX CREDIT</i>
<b>1991</b>	\$2,000	\$1,500	\$1,500	\$2,000	\$3,500/\$7,000	\$40	\$502	\$0
<b>1992</b>	2,100	1,500	1,750	2,100	3,500/7,000	0 ##	502	0
<b>1993</b>	2,100	1,500	2,100	2,300	3,500/7,000	0	502	0
<b>1994</b>	2,100	1,500	2,100	2,300	3,500/7,000	0	502	0
<b>1995</b>	2,100	1,500	2,100	2,300	3,600/7,200	0	502	120
<b>1996</b>	2,100	1,500	2,100	2,300	3,600/7,200	0	502	120
<b>1997</b>	2,100 (3)	1,500	2,100	2,300	3,600/7,200	0	502	120
<b>1998</b>	2,100 (3)	1,500	2,100	2,300	3,600/7,200	0	502	240
<b>1999</b>	2,100 (3)	1,500	2,100	2,300	3,600/7,200	0	502	240

(1) Amounts shown are for individual and married-filing-jointly returns.

(2) 1991 was the last year for the Renter's Credit.

(3) Beginning with tax year 1997, married filers claiming at least one dependent are entitled to an additional \$2,100 personal exemption.

**SELECTED INDIVIDUAL INCOME TAX CREDITS**

<i>CREDIT</i>	<i>Tax Year 1996</i>		<i>Tax Year 1997</i>		<i>Tax Year 1998</i>	
	<i>CLAIMANTS</i>	<i>CREDITS</i>	<i>CLAIMANTS</i>	<i>CREDITS</i>	<i>CLAIMANTS</i>	<i>CREDITS</i>
Property Tax	19,983	\$5,830,384	18,644	\$5,579,973	17,235	\$5,289,921
Family Income	384,971	\$23,614,943	398,474	\$23,975,198	352,760	\$32,702,600
Agricultural Water						
Conservation	58	\$684,262	52	\$391,724	(1)	(1)
Alternative Fuel						
Vehicles & Equi	35	\$23,772	21	\$19,066	(1)	(1)
Enterprise Zone	28	\$168,819	36	\$207,929	(1)	(1)
Pollution Control	(2)	(2)	(2)	(2)	(1)	(1)
Recycling Equip	(2)	(2)	(2)	(2)	(1)	(1)

(1) Credits claimed for tax year 1998 are being reviewed. No data is available at this time.

(2) Due to confidentiality, the credits claimed can not be released.

Figures for all credits shown here are subject to change, due to the verification process.

**TABLE 30**  
**RESIDENT INDIVIDUAL INCOME TAX LIABILITY**  
**BY FEDERAL ADJUSTED GROSS INCOME**  
**TAX YEAR 1997 (1)**

<i><b>FEDERAL ADJUSTED GROSS INCOME</b></i>	<i><b># OF FILERS</b></i>	<i><b>% OF TOTAL</b></i>	<i><b>LIABILITY</b></i>	<i><b>% OF TOTAL</b></i>
Negative Income	22,047	1.30%	\$77,640	0.00%
\$0.01 to \$1,999	37,048	2.18%	44,775	0.00%
\$2,000 to \$5,999	116,771	6.86%	184,964	0.01%
\$6,000 to \$9,999	140,298	8.25%	5,097,975	0.32%
\$10,000 to \$13,999	149,734	8.80%	13,241,283	0.83%
\$14,000 to \$19,999	222,230	13.06%	37,962,045	2.39%
\$20,000 to \$24,999	151,371	8.90%	45,925,093	2.89%
\$25,000 to \$29,999	123,143	7.24%	53,088,464	3.34%
\$30,000 to \$39,999	189,194	11.12%	113,052,252	7.11%
\$40,000 to \$49,999	140,887	8.28%	116,609,323	7.34%
\$50,000 to \$74,999	219,888	12.92%	269,068,036	16.93%
\$75,000 to \$99,999	92,352	5.43%	178,504,529	11.23%
\$100,000 to \$199,999	73,222	4.30%	258,023,989	16.23%
\$200,000 to \$499,999	18,187	1.07%	186,903,047	11.76%
\$500,000 to \$999,999	3,341	0.20%	93,176,262	5.86%
\$1,000,000 and over	1,777	0.10%	218,411,857	13.74%
<b><i>TOTAL</i></b>	<b><i>1,701,490</i></b>	<b><i>100.00%</i></b>	<b><i>\$1,589,371,534</i></b>	<b><i>100.00%</i></b>

(1) This summary combines all liability reported on the Arizona Form 140 and 140A Individual Income tax returns for tax year 1997, filed from January 1998 forward.

**TABLE 31**  
**NONRESIDENT/ PART YEAR RESIDENT INDIVIDUAL INCOME TAX**  
**LIABILITY BY FEDERAL ADJUSTED GROSS INCOME**  
**TAX YEAR 1997 (1)**

<b>ARIZONA PORTION OF FEDERAL ADJUSTED GROSS INCOME</b>	<b># OF FILERS</b>	<b>% OF TOTAL</b>	<b>LIABILITY</b>	<b>% OF TOTAL</b>
Negative Income	11,301	6.86%	\$323,603	0.33%
\$0.01 to \$1,999	16,317	9.90%	25,464	0.03%
\$2,000 to \$5,999	31,248	18.96%	188,486	0.19%
\$6,000 to \$9,999	23,530	14.28%	1,187,057	1.19%
\$10,000 to \$13,999	17,051	10.34%	2,044,224	2.05%
\$14,000 to \$19,999	17,546	10.64%	4,048,121	4.07%
\$20,000 to \$24,999	10,007	6.07%	3,675,733	3.69%
\$25,000 to \$29,999	7,268	4.41%	3,607,516	3.62%
\$30,000 to \$39,999	9,734	5.91%	6,759,541	6.79%
\$40,000 to \$49,999	5,893	3.58%	5,679,876	5.71%
\$50,000 to \$74,999	7,147	4.34%	10,330,440	10.38%
\$75,000 to \$99,999	3,004	1.82%	6,821,469	6.85%
\$100,000 to \$199,999	3,169	1.92%	12,864,450	12.92%
\$200,000 to \$499,999	1,134	0.69%	12,472,992	12.53%
\$500,000 to \$999,999	298	0.18%	8,438,993	8.48%
\$1,000,000 and over	186	0.11%	21,077,354	21.17%
<b>TOTAL</b>	<b>164,833</b>	<b>100.00%</b>	<b>\$99,545,319</b>	<b>100.00%</b>

(1) This summary combines all liability reported on the Arizona Form 140NR and 140PY Individual Income tax returns for tax year 1997, filed from January 1998 forward.



**TABLE 32**  
**CORPORATE INCOME TAX**  
**CORPORATE TAXPAYER BY SIZE OF TAX LIABILITY**  
**TAX YEAR 1997(1)**

<i><b>CORPORATE TAX LIABILITY</b></i>	<i><b># OF FILERS</b></i>	<i><b>% OF TOTAL</b></i>	<i><b>LIABILITY</b></i>	<i><b>% OF TOTAL</b></i>
\$50 Minimum	25,774	60.9%	\$1,288,439	0.2%
\$50.01 to \$99.99	1,087	2.6%	80,152	0.0%
\$100 to \$499.99	3,666	8.7%	955,212	0.2%
\$500 to \$999.99	2,020	4.8%	1,462,094	0.3%
\$1,000 to \$4,999.99	5,206	12.3%	13,071,328	2.4%
\$5,000 to \$9,999.99	1,700	4.0%	11,938,920	2.2%
\$10,000 to \$49,999.99	1,860	4.4%	40,158,237	7.5%
\$50,000 to \$99,999.99	419	1.0%	29,451,398	5.5%
\$100,000 to \$499,999.99	450	1.1%	95,823,436	17.9%
\$500,000 to \$999,999.99	65	0.2%	45,232,809	8.4%
\$1,000,000 to \$61,000,000	71	0.2%	296,233,560	55.3%
<b><i>TOTAL</i></b>	<b><i>42,318</i></b>	<b><i>100.0%</i></b>	<b><i>\$535,695,585</i></b>	<b><i>100.0%</i></b>

**CORPORATE INCOME TAX CREDITS**  
**TAX YEAR 1997**

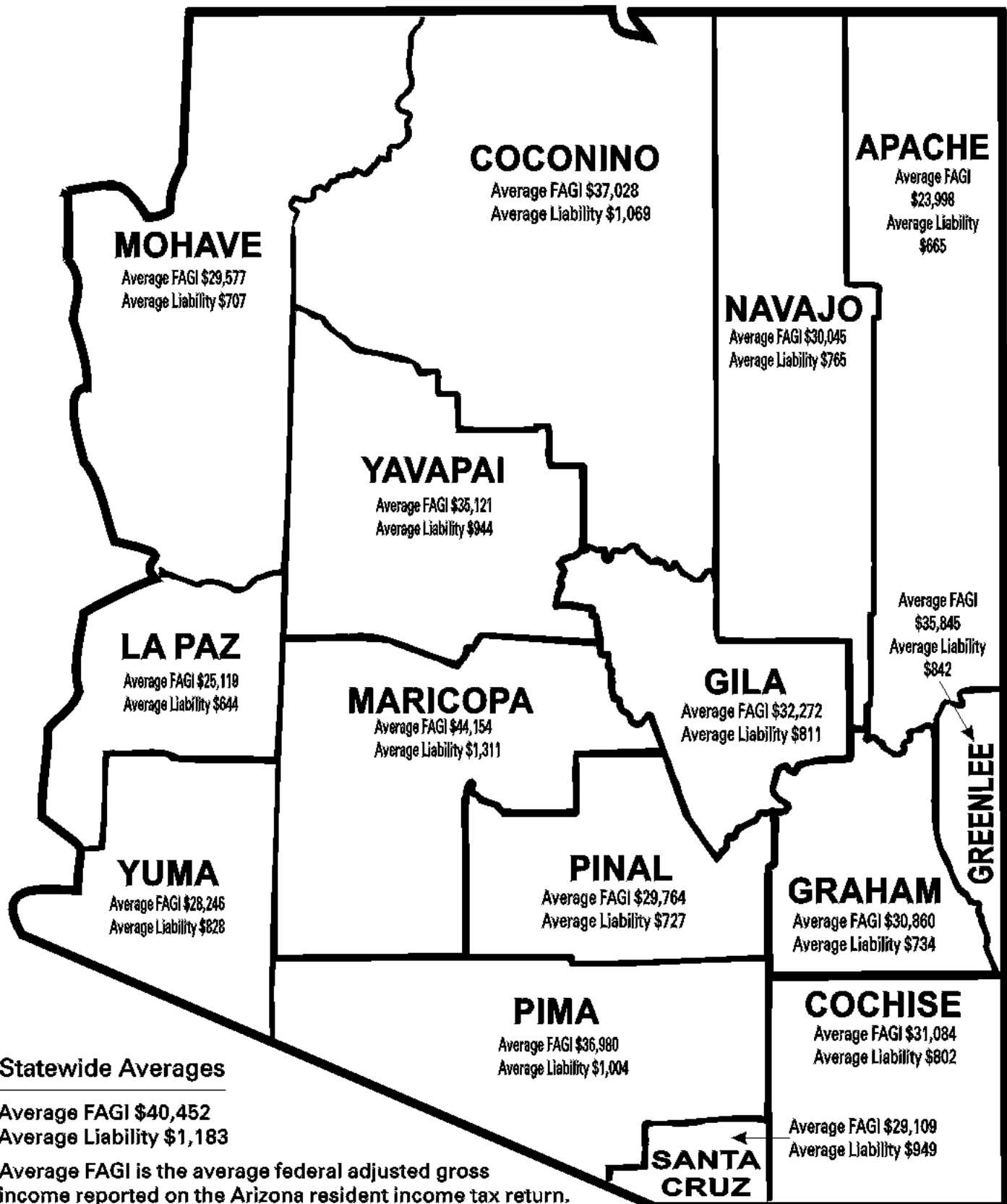
<i><b>CREDIT TYPE</b></i>	<i><b># OF FILERS</b></i>	<i><b>CREDIT USED</b></i>	<i><b>CARRYFORWARD AVAILABLE</b></i>
Agricultural Water Conservation	*	*	*
Alternative Fuel Vehicles/Refueling Equipment	*	*	*
Construction Materials	5	\$538,889	\$546,570
Defense Contracting	*	*	*
Enterprise Zone	45	\$2,715,405	\$3,467,633
Environmental Technology	*	*	*
Military Reuse Zone	*	*	*
Pollution Control Equipment	14	\$722,933	\$1,557,433
Recycling Equipment	4	\$10,672	\$179,976
Research & Development	117	\$9,284,869	\$601,551,427
Underground Storage Tanks	*	*	*
<b><i>TOTAL (2)</i></b>	<b><i>198</i></b>	<b><i>\$14,629,103</i></b>	<b><i>\$633,341,469</i></b>

(1) This summary combines all liability indicated on the Arizona Form 120 Corporate Income Tax returns for tax year 1997 filed from January 1998 forward.

(2) Total is for all credits, including those for which information cannot be divulged individually.

\* The single asterisk indicates that no information can be divulged regarding this credit due to the confidentiality laws in Arizona. Figures may not add to total due to rounding.

**TABLE 33**  
**AVERAGE FEDERAL ADJUSTED GROSS INCOME**  
**AND AVERAGE TAX LIABILITY PER RETURN**  
**BY COUNTY FOR TAX YEAR 1997**



**TABLE 34**  
**URBAN REVENUE SHARING**  
**FY96 THROUGH FY00**

<i><b>FISCAL YEAR</b></i>	<i><b>AMOUNT</b></i>
1995-96	\$218,543,272
1996-97	\$257,800,548
1997-98	\$291,243,578
1998-99	\$340,310,656
1999-00	\$377,710,988

**TABLE 35**  
**DISTRIBUTION OF INCOME TAX AS URBAN REVENUE SHARING**  
**TO MUNICIPALITIES IN FISCAL YEAR 1999-00**

<i>CITIES BY COUNTY</i>	<i>AMOUNT</i>	<i>% OF TOTAL</i>	<i>CITIES BY COUNTY</i>	<i>AMOUNT</i>	<i>% OF TOTAL</i>
<b>APACHE</b>			Queen Creek	\$340,428	0.09%
Eagar	\$500,336	0.13%	Scottsdale	18,636,674	4.93%
St. Johns	372,343	0.10%	Surprise	1,189,837	0.32%
Springerville	212,768	0.06%	Tempe	17,045,903	4.51%
<b>COCHISE</b>			Tolleson	491,582	0.13%
Benson	456,010	0.12%	Wickenburg	528,041	0.14%
Bisbee	720,307	0.19%	Youngtown	298,540	0.08%
Douglas	1,637,868	0.43%	<b>MOHAVE</b>		
Huachuca City	214,984	0.06%	Bullhead City	2,985,396	0.79%
Sierra Vista	4,190,525	1.11%	Colorado City	353,505	0.09%
Tombstone	155,697	0.04%	Kingman	1,858,282	0.49%
Willcox	391,515	0.10%	Lake Havasu City	4,020,976	1.06%
<b>COCONINO</b>			<b>NAVAJO</b>		
Flagstaff	6,037,282	1.60%	Holbrook	561,840	0.15%
Fredonia	138,521	0.04%	Pinetop-Lakeside	365,805	0.10%
Page	880,991	0.23%	Show Low	774,386	0.21%
Williams	298,096	0.08%	Snowflake	456,564	0.12%
<b>GILA</b>			Taylor	294,218	0.08%
Globe	782,143	0.21%	Winslow	1,194,602	0.32%
Hayden	100,843	0.03%	<b>PIMA</b>		
Miami	226,066	0.06%	Marana	677,532	0.18%
Payson	1,219,425	0.32%	Oro Valley	2,178,320	0.58%
Winkelman	74,912	0.02%	Sahuarita	256,097	0.07%
<b>GRAHAM</b>			South Tucson	604,171	0.16%
Pima	205,010	0.05%	Tucson	49,154,072	13.01%
Safford	972,193	0.26%	<b>PINAL</b>		
Thatcher	438,501	0.12%	Apache Junction	2,163,692	0.57%
<b>GREENLEE</b>			Casa Grande	2,313,848	0.61%
Clifton	331,895	0.09%	Coolidge	781,810	0.21%
Duncan	81,450	0.02%	Eloy	987,929	0.26%
<b>LA PAZ</b>			Florence	1,262,200	0.33%
Parker	326,909	0.09%	Kearny	272,055	0.07%
Quartzsite	222,187	0.06%	Mammoth	217,200	0.06%
<b>MARICOPA</b>			Superior	386,195	0.10%
Avondale	2,523,402	0.67%	<b>SANTA CRUZ</b>		
Buckeye	538,236	0.14%	Nogales	2,288,915	0.61%
Carefree	253,327	0.07%	Patagonia	104,722	0.03%
Cave Creek	340,872	0.09%	<b>YAVAPAI</b>		
Chandler	14,667,670	3.88%	Camp Verde	827,245	0.22%
El Mirage	636,197	0.17%	Chino Valley	695,706	0.18%
Fountain Hills	1,567,610	0.42%	Clarkdale	288,123	0.08%
Gila Bend	193,596	0.05%	Cottonwood	725,294	0.19%
Gilbert	6,575,629	1.74%	Jerome	50,976	0.01%
Glendale	20,236,753	5.36%	Prescott	3,444,841	0.91%
Goodyear	1,025,053	0.27%	Prescott Valley	1,777,829	0.47%
Guadalupe	604,836	0.16%	Sedona	985,602	0.26%
Litchfield Park	414,343	0.11%	<b>YUMA</b>		
Mesa	37,468,938	9.92%	San Luis	889,413	0.24%
Paradise Valley	1,379,444	0.37%	Somerton	645,395	0.17%
Peoria	8,263,031	2.19%	Wellton	124,779	0.03%
Phoenix	127,374,354	33.72%	Yuma	6,958,385	1.84%
			<b>TOTAL</b>	<b>\$377,710,988</b>	<b>100.00%</b>

City distributions are based on relative population  
Figures may not add to total due to rounding